

ANAMOSA COMMUNITY SCHOOL DISTRICT  
ANAMOSA, IOWA

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2005

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# ANAMOSA COMMUNITY SCHOOL DISTRICT

## OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2004 Election)		
Jim Mitchel	President	2004
Sharon Weideman	Vice President	2006
LeAnn Ridgeway	Board Member	2006
Scott Werling	Board Member	2006
Brian Darrow	Board Member	2005
Dan Hopfensperger	Board Member	2004
Julie Fall	Board Member	2005
<u>Board of Education</u>		
(After September 2004 Election)		
Jim Mitchel	President	2007
LeAnn Ridgeway	Vice President	2006
Brian Darrow	Board Member	2005
Julie Fall	Board Member	2005
Sharon Weideman	Board Member	2006
Scott Werling	Board Member	2006
Julie Van Muenster	Board Member	2007
<u>School Officials</u>		
Carol Lensing	Superintendent	2006
Don L. Folkerts	District Secretary	2005
Linda Von Behren	District Treasurer	2005
Brian Gruhn	Attorney	2005
Adrian Knuth Law Firm	Attorney	2005

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Anamosa Community School District:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Anamosa Community School District, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Anamosa Community School District as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 22, 2005 on our consideration of Anamosa Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 7 through 21 and 58 through 59 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Anamosa Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the accompanying Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa  
September 22, 2005

## Management's Discussion and Analysis

Anamosa Community School District provides this discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2005. Please consider this information in conjunction with the District's financial statements, which follow this section.

### Financial Highlights

- Interest rates rebounded during the year, resulting in an increase in interest income in the General Fund of \$24,684; a 92% increase from fiscal year 2004.
- The District designated \$30,000 for the purposes of professional development during the 2004-2005 year. These funds were designated from the District's fund balance.
- Gasohol and diesel prices increased 24% and 32%, respectively, during the school year, resulting in increased spending of \$15,101 or 39%.
- The final phase of the High School parking lot was resurfaced using proceeds from the Local Option Sales and Service Tax (LOSST) at a cost of \$24,861.

### Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short- and long-term* financial information about the activities the District operates *like businesses*, such as food services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A1**

**Anamosa Community School District  
Annual Financial Report**

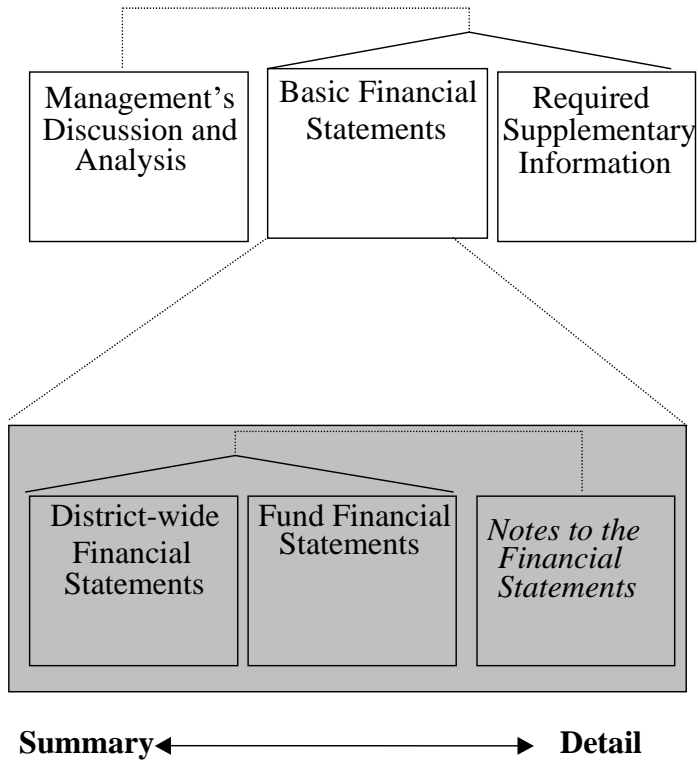




Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

## District-wide Financial Statements

<b>Figure A-2: Major Features of the District Wide and Fund Financial Statements</b>				
	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and agency fund monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses, and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school building and other facilities.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service program would be included here as well as a new construction trades program.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship or differences between the two statements.  
The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund and the Construction Trades Fund. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. The District has one internal service fund, the Employee Group Health Fund.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others. These funds include Private-Purpose Trust and Agency funds.
  - Private Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
  - Agency Fund – These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other entities.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

## Financial Analysis of the District as a Whole

Figure A-3 below provides a summary of the District's net assets at June 30, 2005 compared to June 30, 2004.

<b>Figure A-3</b>						
<b>Condensed Statement of Net Assets</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total School District</b>	
	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>
Current and other assets	\$ 6,771,561	\$ 7,918,716	\$ 49,085	\$ 127,967	\$ 6,820,646	\$ 8,046,683
Capital assets	<u>7,374,920</u>	<u>7,272,082</u>	<u>83,977</u>	<u>101,211</u>	<u>7,458,897</u>	<u>7,373,293</u>
<b>Total assets</b>	<u>14,146,481</u>	<u>\$15,190,798</u>	<u>\$ 133,062</u>	<u>229,178</u>	<u>14,279,543</u>	<u>15,419,976</u>
Long-term obligations	4,590,635	\$ 4,232,870	-	26,000	4,590,635	4,258,870
Other liabilities	<u>4,127,925</u>	<u>4,245,393</u>	<u>530</u>	<u>52,941</u>	<u>4,128,455</u>	<u>4,298,334</u>
Total liabilities	<u>8,718,560</u>	<u>8,478,263</u>	<u>530</u>	<u>78,941</u>	<u>8,719,090</u>	<u>8,557,204</u>
Net assets						
Invested in capital assets,						
net of related debt	2,880,920	3,082,082	83,977	101,211	2,964,897	3,183,293
Restricted	453,957	791,909	-	-	453,957	791,909
Unrestricted	<u>2,093,044</u>	<u>2,838,544</u>	<u>48,555</u>	<u>49,026</u>	<u>2,141,599</u>	<u>2,887,570</u>
<b>Total net assets</b>	<u>\$ 5,427,921</u>	<u>\$6,712,535</u>	<u>\$ 132,532</u>	<u>\$150,237</u>	<u>\$ 5,560,453</u>	<u>\$ 6,862,772</u>

Most of this improvement in the District's financial position came from its governmental activities, the net assets of which grew \$1,284,614 due in part to the following items; the district is retiring principal on its long term debt at a faster rate than its capital assets are decreasing in value, the district is accumulating local option sales and services tax dollars in the capital projects fund for future property tax relief and infrastructure projects, and the district has been levying a cash reserve levy in the general fund to improve its cash flow position. The net assets of the District's business-type activities increased \$17,705. (See Figure A-4)

**Figure A-4**

**Changes in Net Assets from Operating Results**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total School District</b>	
	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 884,562	\$ 918,829	\$ 306,899	\$ 344,489	\$ 1,191,461	\$ 1,263,318
Operating Grants & Contributions	1,177,747	1,610,327	182,811	211,850	1,360,558	1,822,177
Capital Grants & Contributions	161,948	-	-	28,781	161,948	28,781
General revenues						
Property taxes	3,222,943	3,267,552	-	-	3,222,943	3,267,552
Other taxes	731,447	924,729	-	-	731,447	924,729
Unrestricted Grants/Entitlements & interest	4,819,743	5,246,747	253	290	4,819,996	5,247,037
<b>Total revenues</b>	<b>10,998,390</b>	<b>11,968,184</b>	<b>489,963</b>	<b>585,410</b>	<b>11,488,353</b>	<b>12,553,594</b>
<b>Expenses</b>						
Instruction	6,617,295	6,722,943	-	-	6,617,295	6,722,943
Support Services	2,712,042	3,068,187	-	-	2,712,042	3,068,187
Debt Service, interest on long-term debt	244,876	230,276	-	-	244,876	230,276
Other	610,488	662,164	481,176	567,705	1,091,664	1,229,869
<b>Total expenses</b>	<b>10,184,701</b>	<b>10,683,570</b>	<b>481,176</b>	<b>567,705</b>	<b>10,665,877</b>	<b>11,251,275</b>
 Change in net assets	 \$ 813,689	 \$1,284,614	 \$ 8,787	 \$17,705	 \$ 822,476	 \$ 1,302,319

Figure A-5 shows the sources of revenues of governmental funds for 2005. State Aid made up 43.1% of total revenues, an increase from 41.5% the previous year. Property Taxes made up 27.3% of revenues up from 26.9% last year. Federal & State categorical grants made up a 13.4% of the revenues compared to 13.25% last year. Investment earnings made up .7% of total revenues for 2005 compared to .3% in 2004, reflecting the higher interest rates in 2005.

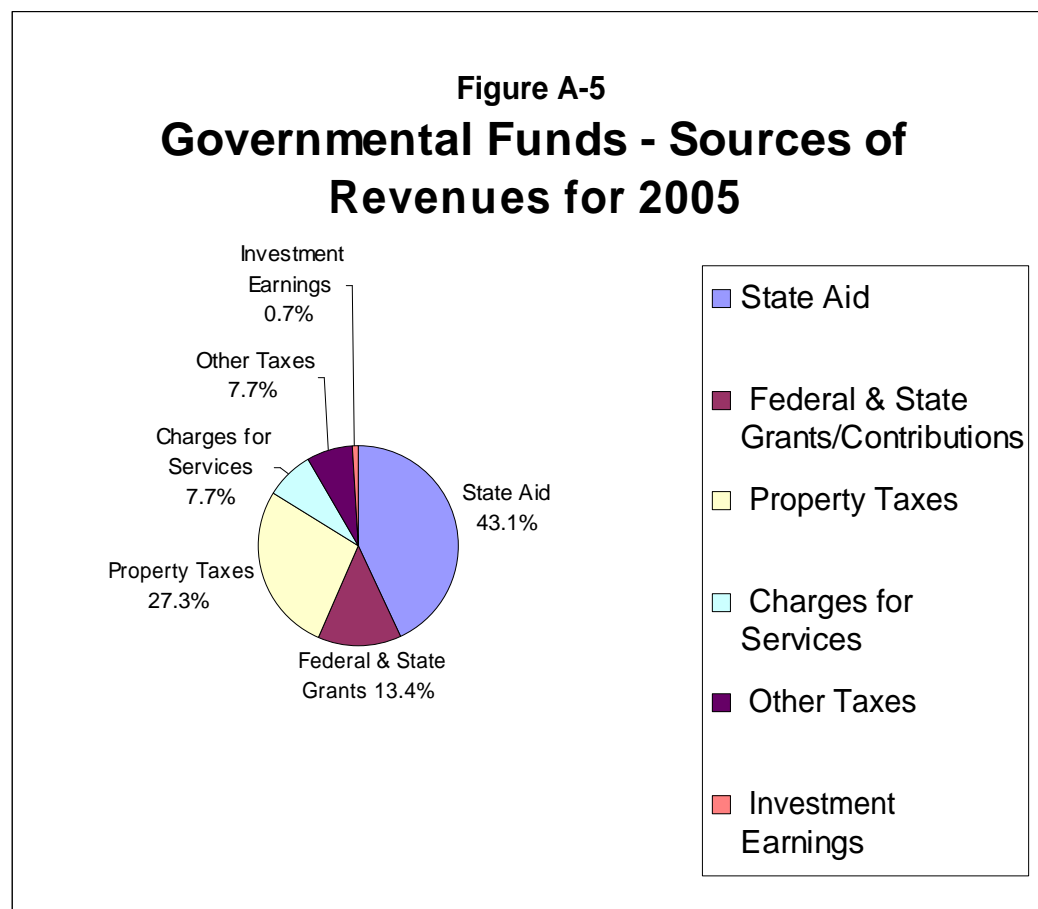


Figure A-6 presents the expenses of the District’s governmental funds divided into seven categories and presents them as a percent all governmental funds expenses. Instructional expenses made up 61.6% of all expenses. This is up from 61.1% in 2004. Pupil and Instructional Support, which includes media, guidance and technology support made up 9.3% of all expenses. Administration represented 7.5% of all expenses, which was the same proportion in 2004. Maintenance and Transportation accounted for 6.8% and 4.9% respectively. Debt Service accounted for 4.9% and All Other was 5.0% of total expenses.

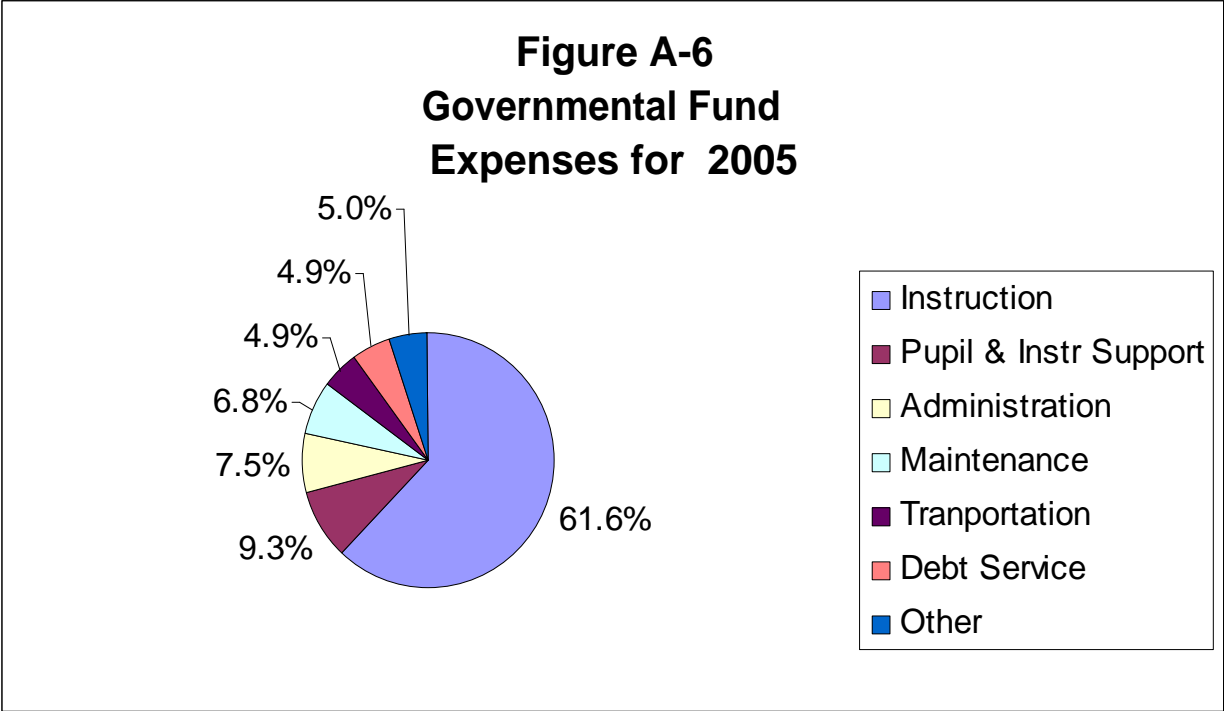


Figure A-7 presents the cost of four major district activities: instruction, support services including maintenance and transportation, debt service, and other. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Figure A-7**

**Total and Net Cost of Governmental  
Activities**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
Instruction	\$ 6,722,943	\$ 6,617,295	\$ 4,940,047	\$ 4,932,569
Support Services	3,068,187	2,712,042	2,700,443	2,699,464
Debt Service	230,276	244,876	230,276	244,876
Other	662,164	610,488	283,648	83,535
<b>Total</b>	<b>\$10,683,570</b>	<b>\$10,184,701</b>	<b>\$ 8,154,414</b>	<b>\$ 7,960,444</b>

- The cost of all governmental activities this year was \$10,683,570
- Some of the cost was financed by the users of the District's programs (see FigureA-4)
- The federal and state governments subsidized certain programs with grants and contributions (\$1,610,327), and charges for district services financed \$918,829
- Most of the District's costs (\$8,154,414), however, were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$3,267,552 in property taxes, \$5,158,241 of unrestricted state aid based on the statewide finance formula, and investment earnings.

**Business-Type Activities**

Revenues of the District's business-type activities increased 19% to \$585,410, while expenses totaled \$567,705, an increase of 18%. (Refer to Figure A-4.) Factors related to the increase in revenue include the District contributed capital to the Nutrition program in the form of capital assets in the amount of \$28,781 and the District experienced greater lunch and milk sales. The Nutrition Program also received a federal Fruit and Vegetable grant beginning in January 2005. Receipts from this grant totaled \$16,590 during 2004-2005. The District also recouped a portion of the construction trades teacher salary through a sharing arrangement with another district. This revenue within the construction trades program totaled \$16,514.



Expenses from business-type activities rose for a variety of reasons. The Nutrition program was required to purchase ground beef which was no longer being offered from the federal commodity program. The new Fruit & Vegetable grant incurred expenses of \$14,580. Depreciation expense increased by \$3,780 in the Nutrition program with the addition of a walk-in freezer at the high school, a new steam table, and a replacement van for transporting food and trays between the high school and middle school buildings.

The construction trades program also caused expenses to increase in business-type activities. While most costs for the program were held in inventory at June 30, 2005, the program purchased small reusable equipment in the amount of \$3,185 which was expensed in the current year.

### **Financial Analysis of the District's Funds**

As previously noted, the Anamosa Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of approximately \$3,325,400, a sizeable increase from the previous year's ending fund balances of \$2,315,000. The capital project's and general fund's fund balances experienced the majority of this increase.

### **Governmental Fund Highlights**

- The General Fund balance increased from approximately \$1,884,000 to approximately \$2,574,000. This increase can be attributed to a variety of factors. Medicaid direct service dollars increased by \$152,305 from the previous year. Cash reserve was levied in the amount of \$255,000 for fiscal year 2005. This levy was decreased to \$40,000 for fiscal year 2006. The district has levied for at-risk funding in the amount of \$100,000 in each of the last two years. At June 30, 2005, the end of the second year, the at-risk carryover is approximately \$143,000. The primary impetus behind this levy is a summer reading academy, which takes place in July each summer. Consequently, the funding is being received in the fiscal year preceding the program.
- The Activity Fund balance increased from \$79,996 to \$98,589. While the athletic accounts ended the year with a negative balance, the building fundraiser accounts and specific athletic fundraiser accounts experienced growth. The negative athletic activity continues to be the result of two primary reasons, smaller gate receipts attributable to a different conference and the use of fund balance to meet its financial obligations.
- The Capital Projects Fund balance increased \$313,150 due to accumulated local option sales and services tax monies which will be used on future bond payments to provide property tax relief and future school infrastructure projects.

## **Proprietary Fund Highlights**

The School Nutrition Fund net assets increased from \$133,025 at June 30, 2004 to \$136,547 at June 30, 2005, representing a modest increase of approximately 2.6%.

The new Construction Trades Fund had a fund balance of \$12,297 at June 30, 2005. This positive fund balance was the result of the District receiving reimbursement from a teacher sharing arrangement with a neighboring school district.

## **Budgetary Highlights**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a basis consistent with generally accepted accounting principles (GAAP). Over the course of the year, the District amended its annual operating budget one time to reflect additional revenue and expenditures. Additional revenues and expenditures that were anticipated were associated with the new federal grant award for alcohol abuse prevention as well as for costs associated with the construction trades program and expenditures from the PPEL levy for the Nutrition program. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

## **Legal Budgetary Highlights**

The District's total receipts were approximately \$1,100,000 more than the total budgeted receipts, a variance of 10.0%. Significant differences were noted in several areas, including the Alcohol Abuse Prevention grant which was awarded after the budget was certified in April 2004. The alcohol grant recorded revenues of approximately \$321,000. Medicaid direct service claims increased to \$271,000, which was \$152,290 more than the previous year and \$221,000 more than budgeted. LOSST proceeds were \$170,215 more than budgeted. Investment earnings, with rebounding interest rates, totaled \$47,194 greater than budgeted.

Total expenditures were less than budgeted primarily due to the District's budget for the General Fund. It is the District's practice to budget expenditures near the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should exceed the actual expenditures during the year. Despite this approach to budgeting, however, the support services function area was exceeded by \$87,865 due to some account code reclassifications for the alcohol prevention grant.

## Capital Asset and Debt Administration

### Capital Assets

At the end of 2005, the District had invested approximately \$7.3 million in a broad range of assets, including school buildings, athletic facilities, transportation, and technology equipment. (See Figure A-8) This amount represents a slight net decrease from last year. **(More detailed information about capital assets can be found in Note 5 to the financial statements.)** Depreciation expense for the year was \$329,293 for governmental activities. The increase in equipment includes the purchase of such major items as a new school bus, a new boiler at Strawberry Hill Elementary, and a computer network upgrade for the District.

**Figure A-8**

**Capital Assets (net of depreciation)**

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004-2005</u>
Land	\$70,250	\$70,250	\$ -	\$	\$70,250	\$ 70,250	0.00%
Land Improvements	374,260	390,318			374,260	390,318	+4.29%
Buildings	6,649,495	6,505,364	-	-	6,649,495	6,505,364	-2.17%
Equipment & Furniture	280,915	306,150	83,977	101,211	364,892	407,361	+11.63%
	<b>\$7,374,920</b>	<b>\$7,272,082</b>	<b>\$83,977</b>	<b>\$101,211</b>	<b>\$7,458,897</b>	<b>\$7,373,293</b>	-1.14%

The final phase of the resurfacing of the High School parking lot was completed during the fiscal year. Other major construction projects during the year included:

- Asphaltting 1/3 of the bus garage parking lot
- Completion of the remodeling of the Middle School girls' locker room
- A new boiler installed at Strawberry Hill Elementary
- Network upgrade of \$21,480

## Long-Term Debt

At year-end, the District had \$4,190,000 in general obligation bonds outstanding. This represents a decrease of 6.3% from the previous fiscal year as can be seen in Figure A-9 below. More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

During the year, the District completed payments on two five-year School Equipment Notes payable from the General Fund and Physical Plant and Equipment Levy Fund.

**Figure A-9**

### Outstanding Long-Term Liabilities

	Total		Total
	School District		Percentage
	<u>2004</u>	<u>2005</u>	<u>Change</u>
			<u>2004-2005</u>
Early retirement	\$ 96,635	\$ 42,870	-55.6%
General obligation bonds & notes (financed with property taxes)	4,470,000	4,190,000	-6.3%
Notes payable	24,000	- -	-100.0%
<b>Total</b>	<b>\$ 4,590,635</b>	<b>\$ 4,232,870</b>	<b>-7.8%</b>

## Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of three existing circumstances that will affect its financial condition in the future:

- The District has designated \$135,000 of fund balance for the purposes of certified staff professional development, technology, and curriculum/instructional materials during fiscal year 2005-2006.
- The residents of the Anamosa Community School District have approved the extension of a 10 year Physical Plant and Equipment Levy at a rate of .67 per \$1,000 assessed valuation beginning in year 2006-2007.

- The Board of Education of the Anamosa Community School District has approved utilizing 100% of the proceeds of the LOSST revenues for the purposes of property tax relief until the current general obligation bonds are paid off. The general obligations bonds become callable on June 1, 2006. Previously, 20% of the proceeds were designated for infrastructure purposes.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Linda Von Behren, Business Manager, Anamosa Community School District, 200 S Garnavillo Street, Anamosa, Iowa, 52205.

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## Basic Financial Statements

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2005

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 3,980,136	\$ 34,566	\$ 4,014,702
Receivables:			
Property tax:			
Current year	51,554	-	51,554
Succeeding year	3,028,664	-	3,028,664
Income surtax	278,400	-	278,400
Accrued interest	50,481	-	50,481
Accounts	28,692	90	28,782
Due from other governments	316,592	-	316,592
Interfund balances (note 4)	132,687	(132,687)	-
Inventories	-	225,998	225,998
Prepaid expenses	51,510	-	51,510
Capital assets, net of accumulated depreciation (note 5)	7,272,082	101,211	7,373,293
Total assets	15,190,798	229,178	15,419,976
Liabilities			
Accounts payable	237,423	45,124	282,547
Salaries and benefits payable	917,566	7,487	925,053
Accrued interest payable	18,024	-	18,024
Deferred revenue:			
Succeeding year property tax	3,028,664	-	3,028,664
Other	-	330	330
Compensated absences	38,977	-	38,977
Early retirement payable	4,739	-	4,739
Long-term liabilities (note 6):			
Portion due within one year:			
Early retirement	36,389	-	36,389
Bonds payable	290,000	-	290,000
Portion due after one year:			
Early retirement	6,481	-	6,481
Bonds payable	3,900,000	-	3,900,000
Real estate contract payable	-	26,000	26,000
Total liabilities	8,478,263	78,941	8,557,204



ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2005

	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	\$ 3,082,082	\$ 101,211	\$ 3,183,293
Restricted for:			
Management levy	8,143	-	8,143
Physical plant and equipment levy	129,024	-	129,024
Other special revenue purposes	98,589	-	98,589
Debt service	7,240	-	7,240
Capital projects	447,423	-	447,423
State grants	101,490	-	101,490
Unrestricted	2,838,544	49,026	2,887,570
Total net assets	\$ <u>6,712,535</u>	\$ <u>150,237</u>	\$ <u>6,862,772</u>

See notes to financial statements.

## ANAMOSA COMMUNITY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 4,319,592	\$ 412,467	\$ 425,010	\$ -
Special instruction	1,377,365	142,895	465,483	-
Other instruction	1,025,986	329,893	7,148	-
	<u>6,722,943</u>	<u>885,255</u>	<u>897,641</u>	<u>-</u>
Support services:				
Student services	675,119	-	320,877	-
Instructional staff services	329,068	-	-	-
Administration services	816,421	10,603	-	-
Operation and maintenance of plant services	711,426	529	-	-
Transportation services	536,153	22,442	13,293	-
	<u>3,068,187</u>	<u>33,574</u>	<u>334,170</u>	<u>-</u>
Non-instructional programs	<u>28,781</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	58,344	-	-	-
Long-term debt interest and fiscal charges	230,276	-	-	-
AEA flowthrough	378,516	-	378,516	-
Depreciation (unallocated) *	196,523	-	-	-
	<u>863,659</u>	<u>-</u>	<u>378,516</u>	<u>-</u>
Total governmental activities	10,683,570	918,829	1,610,327	-
Business-Type Activities:				
Non-instructional programs:				
Food service operations	560,448	327,975	206,924	28,781
Construction and trades operations	3,724	16,514	-	-
Preschool operations	3,533	-	4,926	-
Total business-type activities	<u>567,705</u>	<u>344,489</u>	<u>211,850</u>	<u>28,781</u>
Total	\$ 11,251,275	\$ 1,263,318	\$ 1,822,177	\$ 28,781

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (3,482,115)	\$ -	\$ (3,482,115)
(768,987)	-	(768,987)
(688,945)	-	(688,945)
(4,940,047)	-	(4,940,047)
(354,242)	-	(354,242)
(329,068)	-	(329,068)
(805,818)	-	(805,818)
(710,897)	-	(710,897)
(500,418)	-	(500,418)
(2,700,443)	-	(2,700,443)
(28,781)	-	(28,781)
(58,344)	-	(58,344)
(230,276)	-	(230,276)
-	-	-
(196,523)	-	(196,523)
(485,143)	-	(485,143)
(8,154,414)	-	(8,154,414)
-	3,232	3,232
-	12,790	12,790
-	1,393	1,393
-	17,415	17,415
(8,154,414)	17,415	(8,136,999)

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2005

Functions/Programs

General Revenues:

Property tax levied for:

General purposes

Debt service

Capital outlay

Income surtax

Local option sales and services tax

Unrestricted state grants

Unrestricted investment earnings

Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

\* = This amount excludes the depreciation that is included  
in the direct expense of the various programs.

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ 2,778,834	\$ -	\$ 2,778,834
266,477	-	266,477
222,241	-	222,241
300,515	-	300,515
624,214	-	624,214
5,158,241	-	5,158,241
57,237	290	57,527
31,269	-	31,269
9,439,028	290	9,439,318
1,284,614	17,705	1,302,319
5,427,921	132,532	5,560,453
<u>\$ 6,712,535</u>	<u>\$ 150,237</u>	<u>\$ 6,862,772</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2005

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and pooled investments	\$ 3,222,368	\$ 21,207	\$ 649,058	\$ 3,892,633
Receivables:				
Property tax:				
Current year	41,366	4,046	6,142	51,554
Succeeding year	2,211,654	457,140	359,870	3,028,664
Income surtax	278,400	-	-	278,400
Accrued interest	50,195	11	275	50,481
Interfund receivable (note 4)	132,687	-	-	132,687
Accounts	28,692	-	-	28,692
Due from other governments	227,286	-	89,306	316,592
Prepaid expenses	51,510	-	-	51,510
Total assets	<u>\$ 6,244,158</u>	<u>\$ 482,404</u>	<u>\$ 1,104,651</u>	<u>\$ 7,831,213</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2005

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 223,430	\$ -	\$ 13,993	\$ 237,423
Salaries and benefits payable	917,566	-	-	917,566
Deferred revenue:				
Succeeding year property tax	2,211,654	457,140	359,870	3,028,664
Other	278,400	-	-	278,400
Compensated absences	38,977	-	-	38,977
Early retirement payable (note 6)	-	-	4,739	4,739
Total liabilities	<u>3,670,027</u>	<u>457,140</u>	<u>378,602</u>	<u>4,505,769</u>
Fund balance:				
Reserved for:				
State grants	101,490	-	-	101,490
Debt service	-	25,264	-	25,264
Unreserved:				
Designated for:				
Technology	90,000	-	-	90,000
Professional development	25,000	-	-	25,000
Instructional materials	20,000	-	-	20,000
Reported in nonmajor Special Revenue Funds	-	-	278,626	278,626
Undesignated	2,337,641	-	447,423	2,785,064
Total fund balances	<u>2,574,131</u>	<u>25,264</u>	<u>726,049</u>	<u>3,325,444</u>
Total liabilities and fund balances	<u>\$ 6,244,158</u>	<u>\$ 482,404</u>	<u>\$ 1,104,651</u>	<u>\$ 7,831,213</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 June 30, 2005

Total fund balances of governmental funds	\$ 3,325,444
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	7,272,082
Other long-term assets, including income surtax receivable, are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	278,400
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(18,024)
Long-term liabilities, including bonds payable and early retirement, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(4,232,870)
The Internal Service Fund is used to charge the costs of the District's self-funded insurance plan to the governmental funds. The net assets of the Internal Service Fund are therefore included in governmental activities.	<u>87,503</u>
Net assets of governmental activities	<u>\$ 6,712,535</u>
See notes to financial statements.	



ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2005

	General	Debt Service	Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	\$ 2,882,317	\$ 266,182	\$ 1,018,936	\$ 4,167,435
Tuition	491,171	-	-	491,171
Other	152,361	591	343,708	496,660
State sources	5,919,616	295	444	5,920,355
Federal sources	862,619	-	-	862,619
Total revenues	10,308,084	267,068	1,363,088	11,938,240
Expenditures:				
Current:				
Instruction:				
Regular instruction	4,254,500	-	100,941	4,355,441
Special instruction	1,368,693	-	-	1,368,693
Other instruction	695,716	-	312,059	1,007,775
	6,318,909	-	413,000	6,731,909
Support services:				
Student services	675,119	-	-	675,119
Instructional staff services	298,071	-	49,275	347,346
Administration services	816,421	-	-	816,421
Operation and maintenance of plant services	692,473	-	48,456	740,929
Transportation services	436,375	-	104,128	540,503
	2,918,459	-	201,859	3,120,318
Non-instructional programs	-	-	28,781	28,781
Other expenditures:				
Facilities acquisition	-	-	140,819	140,819
Long term debt:				
Principal	-	304,000	-	304,000
Interest and fiscal charges	-	231,535	-	231,535
AEA flowthrough	378,516	-	-	378,516
	378,516	535,535	140,819	1,054,870
Total expenditures	9,615,884	535,535	784,459	10,935,878
Excess (deficiency) of revenues over (under) expenditures	692,200	(268,467)	578,629	1,002,362

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2005

	General	Debt Service	Nonmajor Governmental Funds	Total
Other financing sources (uses):				
Sale of equipment	\$ 821	\$ -	\$ -	\$ 821
Compensation for loss of capital assets	7,098	-	-	7,098
Interfund transfers in (note 3)	-	272,373	-	272,373
Interfund transfers out (note 3)	(10,570)	-	(261,803)	(272,373)
Total other financing sources (uses)	<u>(2,651)</u>	<u>272,373</u>	<u>(261,803)</u>	<u>7,919</u>
Net change in fund balances	689,549	3,906	316,826	1,010,281
Fund balances beginning of year	<u>1,884,582</u>	<u>21,358</u>	<u>409,223</u>	<u>2,315,163</u>
Fund balances end of year	<u>\$ 2,574,131</u>	<u>\$ 25,264</u>	<u>\$ 726,049</u>	<u>\$ 3,325,444</u>

See notes to financial statements.

## ANAMOSA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2005

Net change in fund balances - total governmental funds \$ 1,010,281

Amounts reported for governmental activities in the statement of activities  
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the statement of net assets and are allocated over their estimated useful lives as depreciation expense in the statement of activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 226,455	
Depreciation expense	<u>(329,293)</u>	(102,838)

Certain income surtax not received until several months after the District's fiscal year ends is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the statement of activities. 21,043

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets. 304,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 1,259

Some expenses, including early retirement, reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 53,765

The change in net assets of the Internal Service Fund is reported with governmental activities in the statement of activities. (2,896)

Change in net assets of governmental activities \$ 1,284,614

See notes to financial statements.

## ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 June 30, 2005

	Enterprise Funds				Internal Service - Employee Group Health
	School Nutrition	Construction and Trades	Nonmajor- Preschool	Total	
<b>Assets</b>					
Cash and cash equivalents	\$ 31,691	\$ -	\$ 2,875	\$ 34,566	\$ 87,503
Accounts receivable	-	90	-	90	-
Inventories	3,645	222,353	-	225,998	-
Capital assets, net of accumulated depreciation (note 5)	101,211	-	-	101,211	-
Total assets	<u>136,547</u>	<u>222,443</u>	<u>2,875</u>	<u>361,865</u>	<u>87,503</u>
<b>Liabilities</b>					
Accounts payable	-	43,972	1,152	45,124	-
Salaries and benefits payable	-	7,487	-	7,487	-
Interfund payable (note 4)	-	132,687	-	132,687	-
Deferred revenue	-	-	330	330	-
Long-term liabilities (note 6):					
Portion due after one year:					
Real estate contract payable	-	26,000	-	26,000	-
Total liabilities	<u>-</u>	<u>210,146</u>	<u>1,482</u>	<u>211,628</u>	<u>-</u>
<b>Net Assets</b>					
Invested in capital assets	101,211	-	-	101,211	-
Unrestricted	<u>35,336</u>	<u>12,297</u>	<u>1,393</u>	<u>49,026</u>	<u>87,503</u>
Total net assets	<u>\$ 136,547</u>	<u>\$ 12,297</u>	<u>\$ 1,393</u>	<u>\$ 150,237</u>	<u>\$ 87,503</u>

See notes to financial statements.

## ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2005

	Enterprise Funds				Internal Service - Employee Group Health
	School Nutrition	Construction and Trades	Nonmajor- Preschool	Total	
Operating revenues:					
Local sources:					
Charges for services	\$ 327,975	\$ 16,514	\$ -	\$ 344,489	\$ -
Operating expenses:					
Non-instructional programs:					
Non-instructional operations:					
Salaries	187,777	-	-	187,777	-
Benefits	55,431	-	-	55,431	-
Purchased services	-	-	84	84	-
Supplies	301,688	3,724	3,449	308,861	-
Depreciation	15,552	-	-	15,552	-
Other	-	-	-	-	3,878
	560,448	3,724	3,533	567,705	3,878
Operating income (loss)	(232,473)	12,790	(3,533)	(223,216)	(3,878)
Non-operating revenues:					
Interest on investments	290	-	-	290	982
Capital contributions	28,781	-	-	28,781	-
State sources	6,176	-	4,926	11,102	-
Federal sources	200,748	-	-	200,748	-
Total non-operating revenues	235,995	-	4,926	240,921	982
Change in net assets	3,522	12,790	1,393	17,705	(2,896)
Net assets beginning of year	133,025	(493)	-	132,532	90,399
Net assets end of year	\$ 136,547	\$ 12,297	\$ 1,393	\$ 150,237	\$ 87,503

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2005

	Enterprise Funds				Internal Service - Employee Group Health
	School Nutrition	Construction and Trades	Nonmajor- Preschool	Total	
Cash flows from operating activities:					
Cash received from sale of lunches and breakfasts	\$ 327,975	\$ -	\$ -	\$ 327,975	\$ -
Cash received from miscellaneous operating activities	-	16,514	330	16,844	-
Cash payments to employees for services	(243,208)	(37,035)	-	(280,243)	-
Cash payments to suppliers for goods or services	(264,516)	(110,812)	(2,381)	(377,709)	(3,878)
Net cash used in operating activities	(179,749)	(131,333)	(2,051)	(313,133)	(3,878)
Cash flows from non-capital financing activities:					
State grants received	6,176	-	4,926	11,102	-
Federal grants received	175,594	-	-	175,594	-
Net cash provided by non-capital financing activities	181,770	-	4,926	186,696	-
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(4,005)	-	-	(4,005)	-
Cash flows from investing activities:					
Interest on investments	290	-	-	290	982
Net increase (decrease) in cash and cash equivalents	(1,694)	(131,333)	2,875	(130,152)	(2,896)
Cash and cash equivalents beginning of year	33,385	(5)	-	33,380	90,399
Cash and cash equivalents end of year	\$ 31,691	\$ (131,338)	\$ 2,875	\$ (96,772)	\$ 87,503

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2005

	Enterprise Funds				Internal Service - Employee Group Health
	School Nutrition	Construction and Trades	Nonmajor- Preschool	Total	
Reconciliation of operating income (loss) to net cash used in operating activities:					
Operating income (loss)	\$ (232,473)	\$ 12,790	\$ (3,533)	\$ (223,216)	\$ (3,878)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:					
Depreciation	15,552	-	-	15,552	-
Commodities used	25,154	-	-	25,154	-
(Increase) in accounts receivable	-	(90)	-	(90)	-
(Increase) decrease in inventories	12,060	(222,353)	-	(210,293)	-
Increase (decrease) in accounts payable	(42)	43,484	1,152	44,594	-
Increase in salaries and benefits payable	-	7,487	-	7,487	-
Increase in interfund payable	-	1,349	-	1,349	-
Increase in real estate contract payable	-	26,000	-	26,000	-
Increase in deferred revenue	-	-	330	330	-
Net cash used in operating activities	\$ <u>(179,749)</u>	\$ <u>(131,333)</u>	\$ <u>(2,051)</u>	\$ <u>(313,133)</u>	\$ <u>(3,878)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2005, the District received \$25,154 of federal commodities and \$28,781 of capital contributions in the School Nutrition Fund.

See notes to financial statements.

## ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 June 30, 2005

	Private Purpose Trust	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Cash and pooled investments	\$ <u>70,358</u>	\$ <u>20,714</u>
Liabilities:		
Other payables	<u>-</u>	\$ <u>20,714</u>
Net assets:		
Reserved for scholarships	\$ <u>70,358</u>	

See notes to financial statements.



ANAMOSA COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
Year Ended June 30, 2005

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Additions:		
Local sources:		
Gifts and contributions	\$ 1,175	
Interest	<u>1,315</u>	
Total additions	<u>2,490</u>	
Deductions:		
Support services:		
Scholarships awarded		<u>2,130</u>
Change in net assets		360
Net assets beginning of year		<u>69,998</u>
Net assets end of year	\$	<u><u>70,358</u></u>
See notes to financial statements.		

## ANAMOSA COMMUNITY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

June 30, 2005

#### Note 1. Summary of Significant Accounting Policies

Anamosa Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Anamosa, Martelle, Viola, Morley, Fairview, and Stone City, Iowa, and the agricultural territory in Jones County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Anamosa Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Anamosa Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Jones County Assessor's Conference Board.

#### B. Basis of Presentation

District-wide Financial Statements – The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The statement of net assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the main operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt.

The District reports the following major proprietary funds:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The Enterprise, Construction and Trades Fund is used to account for the District's student built house program.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

All proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the statement of net assets and the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2004.

Income Surtax Receivable – Income surtax budgeted for the fiscal year ended June 30, 2005 will not be received by the District until the fiscal year ending June 30, 2006. Accordingly, income surtax is recorded as a receivable and included in deferred revenue on the modified accrual basis for the governmental funds. For the District-wide statements, on the Statement of Activities the income surtax revenue is recognized.

Interfund Receivables and Payables – During the course of its operations, the District may have certain transactions between funds or pooled cash balances. To the extent that these transactions between funds had not been paid or received as of June 30, 2005, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

# ANAMOSA COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2005

### Note 1. Summary of Significant Accounting Policies (continued)

#### D. Assets, Liabilities and Fund Equity (continued)

**Inventories** – Inventories are valued at cost using the first-in, first-out method for purchased items and contributed value for government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

**Capital Assets** – Capital assets, which include property, furniture, and equipment are reported in the applicable governmental or business-type activities columns in the District-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund Equipment	500
Other furniture and equipment	2,500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	20-50 years
Improvements other than buildings	20 years
Furniture and equipment	5 years

**Salaries and Benefits Payable** – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

**Deferred Revenue** – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Deferred revenue in the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. The cost of vacation payments expected to be liquidated currently is recorded as a liability of the General Fund. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2005.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Invested in capital assets, net of related debt – In the District-wide statement of net assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the District-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, expenditures in the support services function exceeded the amount budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 2. Cash and Pooled Investments (continued)

At June 30, 2005, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	\$ <u><u>3,218,536</u></u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk – The District’s investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit Risk – The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody’s Investors Service.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	General	\$ 10,570
	Special Revenue:	
	Physical Plant and Equipment Levy	14,803
	Capital Projects	<u>247,000</u>
Total		\$ <u><u>272,373</u></u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.



ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 4. Interfund Receivables and Payables

At June 30, 2005, the interfund receivables and payables consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Pooled cash balance:		
General	Enterprise - Construction and Trades	\$ 131,338
Other receivables:		
General	Enterprise - Construction and Trades	<u>1,349</u>
Total		<u>\$ 132,687</u>

The pooled cash balance is temporary financing between funds which is necessary due to timing of expected revenues.

The other receivable interfund balance is due to timing differences involved in the payment of interest to the General Fund.

The interfund balances have been eliminated on the face of the government-wide statement of net assets.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2005 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 70,250	\$ -	\$ -	\$ 70,250
Capital assets being depreciated:				
Buildings	8,357,235	41,424	-	8,398,659
Improvements other than buildings	491,392	41,051	-	532,443
Furniture and equipment	1,351,016	143,980	28,709	1,466,287
Total capital assets being depreciated	10,199,643	226,455	28,709	10,397,389
Less accumulated depreciation for:				
Buildings	1,707,740	185,555	-	1,893,295
Improvements other than buildings	117,132	24,993	-	142,125
Furniture and equipment	1,070,101	118,745	28,709	1,160,137
Total accumulated depreciation	2,894,973	329,293	28,709	3,195,557
Total capital assets being depreciated, net	7,304,670	(102,838)	-	7,201,832
Governmental activities capital assets, net	\$ 7,374,920	\$ (102,838)	\$ -	\$ 7,272,082

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 5. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 205,479	\$ 32,786	\$ 4,166	\$ 234,099
Less accumulated depreciation	121,502	15,552	4,166	132,888
Business-type activities capital assets, net	<u>\$ 83,977</u>	<u>\$ 17,234</u>	<u>\$ -</u>	<u>\$ 101,211</u>

Depreciation expense was charged by the District to the following functions:

Governmental activities:

Instruction:

Regular	\$ 14,038
Special	8,672
Other	18,211

Support services:

Instructional staff	3,202
Operation and maintenance of plant services	20,294
Transportation	68,353
	<u>132,770</u>

Unallocated depreciation	<u>196,523</u>
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Total governmental activities depreciation expense	<u>\$ 329,293</u>
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Business-type activities:

Food service operations	<u>\$ 15,552</u>
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ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 6. Long-Term Liabilities

A summary of changes in governmental activities long-term liabilities for the year ended June 30, 2005 is as follows:

	Early Retirement	General Obligation Bonds	Capital Loan Notes	Total
Balance beginning of year	\$ 96,635	\$ 4,470,000	\$ 24,000	\$ 4,590,635
Additions	-	-	-	-
Reductions	53,765	280,000	24,000	357,765
Balance end of year	<u>\$ 42,870</u>	<u>\$ 4,190,000</u>	<u>\$ -</u>	<u>\$ 4,232,870</u>
Due within one year	<u>\$ 36,389</u>	<u>\$ 290,000</u>	<u>\$ -</u>	<u>\$ 326,389</u>

Early Retirement

The District offers a voluntary early retirement plan to its employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 45% of the employee's annualized wage, excluding any overtime, for classified staff and 60% of the employee's salary for certified staff, to a maximum of \$25,000. Early retirement benefits paid during the year ended June 30, 2005, totaled \$64,101. The cost of early retirement payments expected to be liquidated currently is recorded as a liability of the Special Revenue, Management Fund in the fund financial statements and as a liability of the Governmental Activities in the District-wide financial statements. The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 6. Long-Term Liabilities (continued)

Bonds Payable

Details of the District's June 30, 2005 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 290,000	\$ 216,291	\$ 506,291
2007	305,000	202,081	507,081
2008	320,000	186,984	506,984
2009	340,000	170,984	510,984
2010	355,000	153,644	508,644
2011	375,000	135,450	510,450
2012	395,000	115,762	510,762
2013	415,000	95,025	510,025
2014	440,000	73,238	513,238
2015	465,000	50,138	515,138
2016	490,000	25,725	515,725
	<u>\$ 4,190,000</u>	<u>\$ 1,425,322</u>	<u>\$ 5,615,322</u>

During the year ended June 30, 2005, the District retired \$280,000 of bonds.

A summary of changes in business-type activities long-term liabilities for the year ended June 30, 2005 is as follows:

	Real Estate Contract
Balance beginning of year	\$ -
Additions	26,000
Reductions	<u>-</u>
Balance end of year	<u>\$ 26,000</u>
Due within one year	<u>\$ -</u>

# ANAMOSA COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2005

### Note 6. Long-Term Liabilities (continued)

#### Real Estate Contract

During the year ended June 30, 2005 the District entered into a contract to purchase land for the Construction and Trades program. The contract is to be paid upon the earlier of the sale of the property or December 1, 2006.

Details of the District's real estate contract indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2006	\$ -
2007	<u>26,000</u>
Total	<u>\$ 26,000</u>

### Note 7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$365,971, \$353,806, and \$342,132 respectively, equal to the required contributions for each year.

### Note 8. Risk Management

Anamosa Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$378,516 for the year ended June 30, 2005 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 10. Line of Credit

The Enterprise, Construction and Trades Fund has a \$150,000 line of credit available until October 1, 2005 at a 3% interest rate. As of June 30, 2005, no amounts have been drawn down.

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## Required Supplementary Information

ANAMOSA COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances –  
Budget and Actual (Accrual Basis) – All Governmental Funds  
and Proprietary Funds  
Required Supplementary Information  
Year Ended June 30, 2005

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 5,155,266	\$ 373,560	\$ 5,528,826	\$ 5,195,249	\$ 5,195,249	\$ 333,577
State sources	5,920,355	11,102	5,931,457	5,849,828	5,849,828	81,629
Federal sources	862,619	200,748	1,063,367	369,000	369,000	694,367
Total revenues	11,938,240	585,410	12,523,650	11,414,077	11,414,077	1,109,573
EXPENDITURES:						
Instruction	6,731,909	-	6,731,909	6,917,814	7,174,495	442,586
Support services	3,120,318	-	3,120,318	3,032,453	3,032,453	(87,865)
Non-instructional programs	28,781	567,705	596,486	508,392	757,417	160,931
Other expenditures	1,054,870	-	1,054,870	1,144,365	1,144,365	89,495
Total expenditures	10,935,878	567,705	11,503,583	11,603,024	12,108,730	605,147
Excess (deficiency) of revenues over (under) expenditures	1,002,362	17,705	1,020,067	(188,947)	(694,653)	1,714,720
Other financing sources, net	7,919	-	7,919	160,150	160,150	(152,231)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	1,010,281	17,705	1,027,986	(28,797)	(534,503)	1,562,489
Balance beginning of year	2,315,163	132,532	2,447,695	2,002,844	2,002,844	444,851
Balance end of year	\$ 3,325,444	\$ 150,237	\$ 3,475,681	\$ 1,974,047	\$ 1,468,341	\$ 2,007,340

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2005

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis. Encumbrances are not recognized on the budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$505,706.

During the year ended June 30, 2005, expenditures in the support services function exceeded the amount budgeted.

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## Other Supplementary Information

## ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2005

	Special Revenue				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Capital Projects	Total
<b>Assets</b>					
Cash and pooled investments	\$ 52,957	\$ 100,542	\$ 126,302	\$ 369,257	\$ 649,058
Receivables:					
Property tax:					
Current year	2,768	-	3,374	-	6,142
Succeeding year	155,987	-	203,883	-	359,870
Accrued interest	27	-	64	184	275
Due from other governments	-	-	-	89,306	89,306
Total assets	<u>\$ 211,739</u>	<u>\$ 100,542</u>	<u>\$ 333,623</u>	<u>\$ 458,747</u>	<u>\$ 1,104,651</u>
<b>Liabilities and Fund Equity</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 1,953	\$ 716	\$ 11,324	\$ 13,993
Deferred revenue:					
Succeeding year property tax	155,987	-	203,883	-	359,870
Early retirement payable	4,739	-	-	-	4,739
Total liabilities	<u>160,726</u>	<u>1,953</u>	<u>204,599</u>	<u>11,324</u>	<u>378,602</u>
<b>Fund equity:</b>					
Fund balances:					
Unreserved:					
Undesignated	<u>51,013</u>	<u>98,589</u>	<u>129,024</u>	<u>447,423</u>	<u>726,049</u>
Total liabilities and fund equity	<u>\$ 211,739</u>	<u>\$ 100,542</u>	<u>\$ 333,623</u>	<u>\$ 458,747</u>	<u>\$ 1,104,651</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2005

	Special Revenue				Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Capital Projects	
Revenues:					
Local sources:					
Local tax	\$ 172,722	\$ -	\$ 222,000	\$ 624,214	\$ 1,018,936
Other	1,165	330,652	603	11,288	343,708
State sources	203	-	241	-	444
Total revenues	174,090	330,652	222,844	635,502	1,363,088
Expenditures:					
Current:					
Instruction:					
Regular instruction	100,941	-	-	-	100,941
Other instruction	-	312,059	-	-	312,059
Support services:					
Instructional staff services	-	-	49,275	-	49,275
Operation and maintenance of plant services	48,456	-	-	-	48,456
Transportation services	31,425	-	72,703	-	104,128
Non instructional programs	-	-	28,781	-	28,781
Other expenditures:					
Facilities acquisition	-	-	65,467	75,352	140,819
Total expenditures	180,822	312,059	216,226	75,352	784,459
Excess (deficiency) of revenues over (under) expenditures	(6,732)	18,593	6,618	560,150	578,629
Other financing uses:					
Interfund transfers out	-	-	(14,803)	(247,000)	(261,803)

ANAMOSA COMMUNITY SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2005

	<u>Special Revenue</u>				
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Capital Projects</u>	<u>Total</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	\$ (6,732)	\$ 18,593	\$ (8,185)	\$ 313,150	\$ 316,826
Fund balances beginning of year	<u>57,745</u>	<u>79,996</u>	<u>137,209</u>	<u>134,273</u>	<u>409,223</u>
Fund balances end of year	<u>\$ 51,013</u>	<u>\$ 98,589</u>	<u>\$ 129,024</u>	<u>\$ 447,423</u>	<u>\$ 726,049</u>

See accompanying independent auditor's report.



ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2005

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Annual	\$ 5,982	\$ 15,870	\$ 17,182	\$ 4,670
Middle School Student Council	7,881	37,437	39,898	5,420
Class of:				
2005	1,106	9,657	10,394	369
2006	-	3,435	3,214	221
2007	-	96	19	77
2008	-	120	19	101
Drama Club	4,158	675	2,928	1,905
Spanish Club	1,192	100	4	1,288
French Club	1,000	1,781	744	2,037
Interact Club	1,250	1,240	651	1,839
High School Art Club	1,469	-	-	1,469
Cheerleading Resale	3,025	9,779	10,511	2,293
Future Farmers of America	7,122	36,859	35,668	8,313
Instrumental Music	1,420	1,875	1,759	1,536
General Athletics	-	19,221	22,865	(3,644)
Middle School Concessions	652	11,247	5,649	6,250
Dance Squad	1,890	10,109	11,431	568
Football	664	30,646	30,474	836
Boys Soccer	466	1,640	853	1,253
Girls Soccer	676	1,135	1,018	793
Baseball	218	10,035	7,727	2,526
Softball	222	7,012	5,124	2,110
Girls Track	70	3,742	3,608	204
Boys Track	-	4,871	4,134	737
Boys Golf	629	4,660	4,974	315
Wrestling	694	4,449	3,934	1,209
Cross Country	-	1,838	1,730	108
Girls Golf	538	2,710	2,403	845
Volleyball	1,146	5,743	5,076	1,813
Girls Basketball	678	9,426	10,133	(29)
Boys Basketball	414	11,792	10,867	1,339
Vocal Music	906	3,498	3,456	948
Musicals	1,941	4,714	1,561	5,094
Strawberry Hill - Miscellaneous	30,892	40,639	36,539	34,992
Strawberry Hill Service Project	27	-	-	27
Science Club	135	-	-	135
ELP/SCI Store	204	859	174	889
Trapshoot Club	405	180	177	408

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2005

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Parent Partner	\$ 358	\$ -	\$ 131	\$ 227
Vending Machine	566	20,515	14,484	6,597
Veterans Day	-	1,047	546	501
Total	<u>\$ 79,996</u>	<u>\$ 330,652</u>	<u>\$ 312,059</u>	<u>\$ 98,589</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUND  
 Year Ended June 30, 2005

	Empower- ment Fund
	<u>          </u>
Assets and Liabilities	
Balances beginning of year	\$ <u>66,927</u>
Additions:	
Early Childhood Program	25,258
School Ready Children	102,586
Interest	588
Miscellaneous	<u>236</u>
Total additions	<u>128,668</u>
Deductions:	
Agency remittances:	
Trusts paid out	<u>174,881</u>
Balances end of year	\$ <u><u>20,714</u></u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS  
FOR THE LAST FOUR YEARS

	Modified Accrual Basis Years Ended June 30,			
	2005	2004	2003	2002
Revenues:				
Local sources:				
Local tax	\$ 4,167,435	\$ 3,944,130	\$ 3,901,213	\$ 3,517,188
Tuition	491,171	486,184	443,154	455,350
Other	496,660	609,901	508,524	399,822
State sources	5,920,355	5,517,064	5,468,925	5,540,303
Federal sources	862,619	440,649	264,028	243,199
Total revenues	<u>\$ 11,938,240</u>	<u>\$ 10,997,928</u>	<u>\$ 10,585,844</u>	<u>\$ 10,155,862</u>
Expenditures:				
Instruction:				
Regular instruction	\$ 4,355,441	\$ 4,306,258	\$ 4,063,328	\$ 4,082,445
Special instruction	1,368,693	1,591,485	1,388,499	1,339,439
Other instruction	1,007,775	775,709	704,933	724,816
Support services:				
Student services	675,119	397,562	385,144	376,678
Instructional staff services	347,346	290,063	225,354	353,767
Administration services	816,421	812,152	793,028	872,400
Operation and maintenance of plant services	740,929	709,186	728,271	641,923
Transportation services	540,503	517,910	386,334	393,198
Central and other support services	-	4,722	-	-
Non-instructional programs	28,781	33,871	32,397	30,546
Other expenditures:				
Facilities acquisition	140,819	234,161	315,916	117,380
Long-term debt:				
Principal	304,000	302,000	291,000	275,000
Interest and fiscal charges	231,535	246,590	261,015	273,114
AEA flowthrough	378,516	365,005	389,223	393,023
Total expenditures	<u>\$ 10,935,878</u>	<u>\$ 10,586,674</u>	<u>\$ 9,964,442</u>	<u>\$ 9,873,729</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2005

Grantor / Program	CFDA Number	Grant Number	Expenditures
Direct:			
U. S. Department of Education: Safe and Drug-Free Schools and Communities - National Programs	84.184	FY 05	\$ <u>320,877</u>
Indirect:			
U. S. Department of Agriculture: Iowa Department of Education: Food Donation (non-cash)	10.550	FY 05	<u>25,154</u>
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 05	14,977
National School Lunch Program	10.555	FY 05	<u>160,617</u>
			<u>175,594</u>
U. S. Department of Education: Iowa Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	0234G	<u>122,724</u>
Grants for State Assessments and Related Activities	84.369	FY 05	<u>7,566</u>
Improving Teacher Quality State Grants	84.367	FY 05	<u>49,168</u>
State Grants for Innovative Programs	84.298	FY 05	<u>4,792</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 05	<u>4,130</u>
Grant Wood Area Education Agency: Special Education - Grants to States	84.027	FY 05	<u>68,715</u>
Total			\$ <u><u>778,720</u></u>

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Anamosa Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Board of Education of  
Anamosa Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Anamosa Community School District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated September 22, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Anamosa Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control over financial reporting that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Anamosa Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Anamosa Community School District's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Anamosa Community School District and other parties to whom Anamosa Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Anamosa Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa  
September 22, 2005

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133

To the Board of Education of  
Anamosa Community School District:

Compliance

We have audited the compliance of Anamosa Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Anamosa Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Anamosa Community School District's management. Our responsibility is to express an opinion on Anamosa Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U. S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Anamosa Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Anamosa Community School District's compliance with those requirements.

In our opinion, Anamosa Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Anamosa Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Anamosa Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Anamosa Community School District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grant agreements.



A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grant agreements caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Anamosa Community School District and other parties to whom Anamosa Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa  
September 22, 2005

ANAMOSA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) A reportable condition in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 84.184 – Safe and Drug-Free Schools and Communities – National Programs
  - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Anamosa Community School District did not qualify a low-risk auditee.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

Part II: Findings Related to the General Purpose Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Reportable Conditions:

II-A-05 Disbursements – Out of forty-three disbursements tested, one was not supported by an invoice or receipt prior to the check being released for payment.

Recommendation – All disbursements should be adequately supported by an invoice, receipt or other written documentation.

Response – We will make sure that all future disbursements are properly supported prior to the check being released for payment.

Conclusion – Response accepted.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Reportable Conditions:

No matters were reported.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

Part IV: Other Findings Related to Statutory Reporting:

IV-A-05 Official Depositories – Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2005.

IV-B-05 Certified Budget – Expenditures for the year ended June 30, 2005, exceeded the amount budgeted in the support services function.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – We will amend our budget before expenditures exceed the budget. The overexpenditure was due to account code changes for the new Safe and Drug-Free Schools and Communities grant.

Conclusion – Response accepted.

IV-C-05 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-D-05 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-E-05 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Richard Lensing, Spouse of Superintendent	Woodworking	\$ 1,245

In accordance with an Attorney General's opinion dated November 9, 1976, the transaction does not appear to represent a conflict of interest.

IV-F-05 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-G-05 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-H-05 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

IV-I-05 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

Part IV: Other Findings Related to Statutory Reporting (continued):

- IV-J-05    Certified Annual Report – The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-05    Nutrition Fund Records – The Enterprise, School Nutrition Fund did not record lunch, breakfast and ala carte revenues separately.

Recommendation – The District should change the School Nutrition Fund recordkeeping so that student lunch, student breakfast, and ala carte sales revenues are recorded separately, in accordance with Department of Education guidelines.

Response – We are now recording lunch, breakfast, and ala carte revenues separately.

Conclusion – Response accepted.

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